

**2100 Miscellaneous Provisions**

**2104 Written Notice by Insurers of Payment of Third Party Claims [Formerly Regulation  
75]**

**1.0 Authority**

- 1.1 This regulation is adopted by the Insurance Commissioner pursuant to 18 **Del.C.** §311 and 18 **Del.C.** Ch. 24. It is promulgated in accordance with 29 **Del.C.** Ch. 101.

**2.0 Purpose**

- 2.1 The purpose of this regulation is to protect the third party claimant from misuse or mishandling of funds payable under a liability or casualty insurance contract, when those funds are disbursed to the third party claimant's attorney, accountant, agent or other representative.

**3.0 Scope**

- 3.1 This regulation will apply to all insurers who make payment in excess of \$5,000.00 to third party claimants under casualty or liability insurance contracts.

**4.0 Requirement of Notice**

- 4.1 Upon payment in excess of \$5,000.00 in settlement of or upon judgment on any third party liability or casualty claim and where the claimant is a natural person, the insurer or its representative shall mail to the third party claimant written notice of payment at the same time such payment is made to the third party's attorney, accountant, agent or other representative.

**1 DE Reg. 1408 (3/1/98)**

**5.0 Contents of Notice**

- 5.1 The written notice referred to in section 4.0 above shall be mailed to the claimant by regular mail at the claimant's last known address, and shall include at least the following information:
- 5.1.1 The amount of the payment;
  - 5.1.2 The party or parties to whom the instrument is made payable;
  - 5.1.3 The party to whom the instrument was forwarded; and
  - 5.1.4 The address of the party to whom the instrument was forwarded.
  - 5.1.5 A copy of the transmittal letter forwarded by the insurer to the party receiving the payment may be used as the form of notice to the third party claimant so long as the transmittal letter includes all of the information specified in section 5.1, 5.2, 5.3, and 5.4.

**1 DE Reg. 1408 (3/1/98)**

**6.0 Causes of Action and Defenses**

- 6.1 Nothing in section 4.0 and 5.0 above shall create a cause of action for any person or entity, other than the Delaware Insurance Commissioner, against an insurer or its representative based upon a failure to serve such notice, or defective service of such notice. Nothing in section 4.0 and 5.0 shall establish a defense for any party to any cause of action based upon a failure by the insurer or its representative to serve such notice, or by the defective service of such notice.

**7.0 Effective Date**

- 7.1 This regulation shall become effective March 15, 1998.